

**ATTACHMENT G****State of Illinois Waiver Requests****1. Use of ITAs for Out-of-School Youth**

**Background:** The U.S Department of Labor (DOL) approved an Illinois request for a waiver of the prohibition in the Workforce Investment Act final rule excluding the use of Individual Training Accounts (ITAs) for out-of-school youth participants. This waiver now permits LWIBs to use the state's list of eligible training providers to secure training for these youth. The waiver is designed to enhance customer choice, allow out-of-school youth to benefit from services provided by Illinois' certified training providers, and expand services without requiring One-Stop operators to register participants in the adult program. Funds used for ITAs are tracked separately for each funding stream. The waiver was initially granted for the period beginning July 1, 2003, and ending June 30, 2004. At the request of the state, DOL extended the waiver through June 30, 2005. The state is requesting that this waiver be extended throughout the period of this plan.

<b>Waiver:</b>	Permit Individual Training Accounts (ITAs) to be used for out-of-school youth participants in the Workforce Investment Act (WIA) programs.
<b>Objective:</b>	Development of the future workforce and provide the opportunity to improve youth programs by linking more closely with local labor market needs, community services, and strong connections between academic and occupational learning.
<b>Principles:</b>	Increased efficiency and customer choice.
<b>Barriers:</b>	The WIA implementing rule prohibits use of ITAs for youth registrants. Under the rule, youth may only utilize an ITA if they are registered in the adult program. Co-registration produces unnecessary paperwork. The allowable service is the same; requiring additional registration has no value to either the program or the customer.
<b>Statutory / Regulatory Citation to be Waived:</b>	20 CFR 664.510
<b>Expected Benefits:</b>	The waiver will expand service options for out-of-school youth. One-stop operators will be able to provide appropriate services to out-of-school youth who can benefit from such services without having to register them in the adult program.

**On-site Monitoring:** Performance measures will be evaluated at least quarterly to determine impact. Illinois will monitor Implementation of the waiver through a combination of reporting from the local level and state oversight and evaluation. Through the Illinois Workforce Partnership (IWP) and meetings with local workforce investment board (LWIB) Directors, the Department of Commerce and Economic Opportunity (DCEO), Bureau of Workforce Development will seek feedback on the use, problems, and successes associated with the use of ITAs for out-of-school youth. These forums will also provide opportunities to share best practices relating to the use of ITAs across local area jurisdictions. DCEO will also include a review of the use of ITAs for youth are part of in formal on-site monitoring and routine desk reviews.

## **2. Exemption of Co-enrolled TAA Participants from WIA Performance Measures**

**Background:** The Governors Executive Order Number 11 transferred responsibility for state administration of the federal Illinois Trade Adjustment Assistance Program from the Illinois Department of Employment Security (IDES) to the Department of Commerce and Economic Opportunity (DCEO). This was done as part of a larger integration of workforce programs, including programs authorized under the federal Workforce Investment Act (WIA), into the state's economic development agency. This integration of workforce and economic development programs is designed to make Illinois workforce programs more demand driven. The state also made a request to the U.S. Department of Labor (DOL) to allow local workforce investment areas (LWIAs) to administer the program at the local level. This request was granted. This delivery arrangement creates new opportunities for co-enrollment of TAA participants into the WIA dislocated worker program.

**Waiver:** Permit co-enrollment in the TAA and NAFTA-TAA program participants in the WIA Dislocated Worker program, while excluding those workers from the calculation or WIA performance measures.

**Objective:** Ensure that TAA participants have access to adequate case management services by creating an environment that encourages LWIAs to co-enroll TAA participants in the WIA Dislocated Worker Program; thereby, allowing use of WIA funds to underwrite case management services.

**Principles:** Increased service integration, quality of services, efficiency, and informed customer choice.

<b>Barriers:</b>	Case management, while staff intensive and costly, increases service intensity and leads to more positive outcomes. Case management under the TAA program is classified as an administrative expense. Given the limited administrative funds authorized under this program, TAA participants do not have access to adequate case management services. Accessing case management services for Trade Act participants from other funding sources is therefore essential. However, the past record of relatively poor performance of TAA participants, compared to outcomes for registrants in the WIA Dislocated Worker Program, creates a very strong disincentive to local areas to co-enroll TAA participants. For example, over program years 2003 and 2004, TAA performance was typically 20 percent lower compared to WIA performance measures. LWIAs are hesitant to co-enroll TAA participants due to the anticipated negative impact on their WIA performance.
<b>Statutory / Regulatory Citation to be Waived:</b>	WIA Section 136(b)(2)(a) 20 CFR 666.140
<b>Expected Benefits:</b>	The primary benefit of co-enrollment is to the Trade Act participant. One of the principles of the WIA is to streamline and integrate customer service and should guide the provision of services. Extending case management services provided through WIA to Trade Act participants is viewed as an essential element of a successful TAA program. There is no disagreement at the state or local levels that co-enrollment should dramatically improve the quality of services. Only the legitimate concern of the affect of co-enrolling Trade Act participants on WIA performance prevents widespread co-enrollment. By allowing co-enrollment of Trade Act participants, while excluding them from the calculation of WIA performance standards, will create the incentive needed to encourage co-enrollment. LWIAs will then utilize WIA resources to serve Trade Act participants, primarily for case management, thus increasing the overall quality of service to the participants. This policy should, eventually, help to bring TAA performance up to the level of WIA performance.
<b>On-site Monitoring:</b>	DCEO will closely monitor the performance of TAA participants in view of the rate of co-enrollment and outcomes associated with those individuals. This will be added to formal on-site monitoring and will be supported by participant tracking reports designed to contrast the

performance of co-enrolled TAA participants and other WIA Dislocated Workers. It should be noted that TAA performance would continue to be measured using the performance measures associated with the TAA program.

### **3. Extension of Incumbent Worker Training Authority to Local Areas**

The state has undertaken an innovative program, known as the Critical Skill Shortages Initiative (CSSI) to encourage local workforce investment boards (LWIBs) to plan services on a regional basis and target training to occupations that are critical to their regional economies. The state is using WIA 15 percent reserve resources as "seed funds" to encourage LWIBs to participate in CSSI. Many areas found that providing incumbent worker training programs is needed, along with other WIA service offerings, to develop a full continuum of training opportunities to meet local needs. However, when state reserve funds are exhausted, LWIBs currently do not have the authority to use their own allocated WIA funds to provide incumbent worker training programs.

**Waiver:**

Allow local workforce investment boards (LWIBs) to use up to 10 percent of the funds allocated to them under WIA Sections 127, 128, 132, and 133 of WIA in the same manner and fashion as statewide activity funds are now used under WIA Section 134(a)(3)(iv)(I), which allows statewide reserve funds to be used for the "implementation of innovative incumbent worker training programs, which may include the establishment and implementation of an employer loan program to assist in skills upgrading".

The state recognizes that funds expended for this purpose by LWIBs must continue to be tracked by funding stream and that local areas will continue to be required to meet performance goals for the adult, dislocated worker, and youth programs. No separate amount of these funds will be set aside for administration of such activities. Local areas that choose to conduct these activities will continue to work under the current 10 percent limit on local area administration.

**Objective:**

Granting LWIBs authority to use a limited portion of their allocated funds for incumbent worker training programs will allow them to develop a full continuum of training services that address the needs of the existing workforce, the unemployed, underemployed, and new entrants to the labor force.

**Principles:**

This waiver request is consistent with reforms to the workforce development system, as proposed in H.R. 27, the

Job Training Improvement Act of 2005. This request is also consistent with the national strategic direction. Approval of this waiver will help ensure that Illinois' workforce system is, in fact, demand-driven and LWIBs are given maximum flexibility in tailoring service delivery and making strategic investments in workforce development activities to meet the needs of state and local economies and labor markets.

**Barriers:**

WIA Section 134(a)(3)(iv)(I) limits authority to deliver innovative incumbent worker training to the Governor's 15 percent reserve funds.

**Statutory / Regulatory  
Citation to be Waived:**

WIA Section 129  
WIA Section 134  
20 CFR 663.145  
20 CFR 664.410

**Expected Benefits:**

It is strongly felt that the ability to offer incumbent worker training at the local level will help LWIBs attract greater participation in the system by local businesses, thus encouraging creation of strong public-private partnerships, as cited in the national strategic direction. With this new authority, LWIBs will be able to assist local employers to upgrade the skills of their existing workers, while gaining access to those employers for placement of new hires, as vacancies occur. Thus, adding the incumbent worker training option will help LWIBs increase the market penetration of their local employer base and reach new customers for Illinois' One-Stop system.

**On-site Monitoring:**

The state will monitor all locally delivered incumbent worker programs to determine their success in upgrading the skills of participating workers. This will be achieved, in part, by requiring LWIBs to record and report the names and Social Security numbers of all incumbent workers served. These individuals will then be tracked through wage records to measure job retention and wage gains. DCEO will also evaluate if this policy encourages greater private sector participation in other aspects of the WIA program.